

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1552 - HB 1522

April 30, 2021

SUMMARY OF ORIGINAL BILL: Authorizes associations formed under the *Sheep Producer's Indemnity Law* to submit the required annual business operation report to the Commissioner of the Department of Commerce and Insurance (DCI) electronically.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (008099): Deletes all language after the enacting clause. Defines "end date profit share percentage" as 99 percent of the distributions made by a TNInvestco that are not qualified as distributions or repayments of capital by the TNInvestco's equity owners who are not participating investors and that occur after the program end date of December 31, 2023. Requires the end date profit share percentage to be paid out to the state in the same time and manner as the current profit share percentages. Requires any distributions occurring after the program end date to be distributed between the qualified TNInvestco and the state according to the end date profit share percentage.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – The market value and timing of any assets or investment sold or liquidated after December 31, 2023 are unknown. However, any such sales or liquidation after such date would result in an increase in state revenue.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 4-28-102 the current profit share percentage received by the state is 50 percent of profit on the sale of investments.

- Pursuant to Tenn. Code Ann. § 4-28-115 the Department of Economic and Community Development (ECD) must begin liquidating all remaining ownership interests owned by the state beginning on December 31, 2021.
- The proposed legislation would create approximately a four-year window to December 31, 2023 whereby TNInvestco's could liquidate at the current 50 percent share, rather than the 99 percent in the proposed legislation.
- According to ECD, the estimated fair market value of the assets and investments to be liquidated is \$47,000,000; therefore, the total payout to the state could be up to \$23,500,000 (\$47,000,000 x 50%) under current law.
- The timing of any divestment, sale, or liquidation of any of these assets or investments is unknown; however, any sale or liquidation of assets and investments occurring after December 31, 2023 will generate an increase in state revenue.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Other Commerce Impact – Due to multiple unknown variables a precise commerce impact cannot be quantified with reasonable certainty. Any impact on jobs in this state is estimated to be not significant.

Assumption for the bill as amended:

- Due to multiple unknown variables, any impact on business revenue and expenditures cannot be quantified with reasonable certainty. Any impact on jobs in this state is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/bs